

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6072

BILL NUMBER: SB 33

NOTE PREPARED: Nov 21, 2011

BILL AMENDED:

SUBJECT: Adjustments to Judges' Survivor Benefits.

FIRST AUTHOR: Sen. Walker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill increases the minimum retirement annuity for a surviving spouse or surviving child of a participant of the 1977 Judges' Retirement System or the 1985 Judges' Retirement System (jointly referred to as the Judges' Retirement System) from \$12,000 to \$17,000.

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: July 1, 2012.

Explanation of State Expenditures: Based on actuarial estimates provided by the Indiana Public Retirement System (INPRS), this bill would increase the actuarial accrued liability and unfunded liability of the Judges' Retirement System by \$938,697. The funded status of the Judges' Retirement System would decrease by 0.14%, from 62.11% to 61.97%. Funding the increased benefits under the bill would require an increased annual state appropriation of \$70,712.

Background: As of June 2011, 39 surviving spouses and children were receiving an annual annuity less than \$17,000 and would receive an increase in their annuity under this bill beginning July 1, 2012. On average, these beneficiaries would receive an additional \$312 per month. Under this bill, annual benefit payments to surviving spouses and children would increase by an estimated \$146,000 beginning in FY2013.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: INPRS.

Local Agencies Affected:

Information Sources: Cindy Fraterrigo, Actuary for INPRS, PwC; Greg Witter, INPRS, (317) 232-3868.

Fiscal Analyst: Camille Tesch, 232-9866.

Actuarial Liability: The actuarial liability of a retirement system at any time is the excess of the present value of all benefits thereafter payable under the system over the present value of future normal costs.

Unfunded Actuarial Liability: The unfunded actuarial liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.